



CATALYST METALS LIMITED

ABN 54 118 912 495

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

15 November 2017 at 10.00 a.m.

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia

CATALYST METALS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Catalyst Metals Limited (Company) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 15 November 2017 at 10.00 a.m.

AGENDA

ORDINARY BUSINESS

Financial statements and reports

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2017.

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution.

1. Re-election of Stephen Boston as a director

"That Mr Stephen Boston, being a director of the Company, retires by rotation in accordance with Clause 11.3 of the Constitution and ASX Listing Rule 14.4, and being eligible for re-election, is hereby re-elected as a director of the Company."

2. Re-election of Bruce Kay as a director

"That Mr Bruce Kay, being a director of the Company, retires by rotation in accordance with Clause 11.3 of the Constitution and ASX Listing Rule 14.4, and being eligible for re-election, is hereby re-elected as a director of the Company."

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary, **non-binding resolution**.

3. Remuneration report

"That for the purposes of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2017."

A vote on Resolution 3 must not be cast (in any capacity) by or on behalf of any member of Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member. However, a person described above may cast a vote on Resolution 3 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or*
- (b) the Chairman of the meeting is appointed as proxy and the proxy form does not specify the way the proxy is to vote on the resolution, and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company.*

SPECIAL BUSINESS

The special business of the meeting is to consider and if thought fit to pass, with or without amendment, the following resolution as ordinary resolutions.

4. Ratification of share issue

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the share issue by the Company in March 2017 of 3,000,000 ordinary fully paid shares at an issue price of 50 cents each to St Barbara Limited, further details of which are set out in the explanatory memorandum accompanying the notice of meeting."

The Company will disregard any votes cast on this resolution by St Barbara Limited and any of its associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

5. Ratification of share placement

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the placement made by the Company of 3,000,000 ordinary fully paid shares at an issue price of 50 cents each pursuant to a prospectus dated 5 May 2017, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any shareholder who participated in the share placement and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

6. Approval of Performance Rights Plan

“That for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, any issue of securities made under the Catalyst Metals Limited Performance Rights Plan, a summary of the terms and conditions of which is set out in the explanatory memorandum accompanying the notice of meeting, within the period of 3 years from the date of passing this resolution, is approved as an exception to ASX Listing Rule 7.1.”

The Company will disregard any votes cast on this resolution by any directors of the Company, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

A person appointed as proxy must not vote on Resolution 6 on the basis of that appointment if:

- (a) that person is either a member of Key Management Personnel or a Closely Related Party of such a member; and*
- (b) the appointment does not specify how the proxy is to vote on the proposed resolution;*

unless the person appointed is the Chairman of the meeting and the appointment expressly authorised the Chairman to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

To consider and if thought fit, to pass the following resolution as a special resolution.

7. Approval for 10% placement capacity

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any person who may participate in the issue of Equity Securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons. As at the date of this notice of meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential issue of Equity Securities under ASX Listing Rule 7.1A.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
3 October 2017

Voting exclusion note

Where a voting exclusion applies, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy appointments

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member of the Company. A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with Section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the proxy instructions on that form.

Voting entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who held shares in the Company as at 4.00 p.m (WST) on 13 November 2017.

CATALYST METALS LIMITED
EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared for the information of shareholders of Catalyst Metals Limited in connection with the business to be considered at the forthcoming annual general meeting of shareholders of the Company and should be read in conjunction with the accompanying notice of meeting.

ANNUAL FINANCIAL REPORT

The financial report of the Company for the year ended 30 June 2017 (including the financial statements, directors' report and auditors' report) was included in the 2017 annual report of the Company, a copy of which is available on the Company's web-site at www.catalystmetals.com.au.

There is no requirement for shareholders to approve these reports. However, time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

RESOLUTION 1 – RE-ELECTION OF STEPHEN BOSTON AS A DIRECTOR

ASX Listing Rule 14.4 and Clause 11.3 of the Constitution require that a director (other than a managing director) must not hold office without re-election for more than 3 years and that one third of the directors in office (other than a managing director) must retire by rotation at each annual general meeting of the Company.

Mr Steve Boston, who was last re-elected on 12 November 2014 therefore retires at the forthcoming annual general meeting in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, has offered himself for re-election at the meeting.

Mr Boston is the principal of a Perth based private investment group specialising in the Australian resources sector. Mr Boston previously worked as a stockbroker from 1984 to 1998 in Perth and Sydney. Mr Boston holds a Bachelor of Arts from the University of Western Australia.

The Board (excluding Steve Boston) recommends that shareholders vote in favour of the re-election of Mr Boston as a director of the Company. The Chairman intends to vote undirected proxies in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF BRUCE KAY AS A DIRECTOR

Mr Bruce Kay, who was last re-elected on 12 November 2014 also retires at the forthcoming annual general meeting in accordance with ASX Listing Rule 14.4 and Clause 13.3 of the Constitution and being eligible, has offered himself for re-election at the meeting.

Mr Kay is a qualified geologist and former head of worldwide exploration for Newmont Mining Corporation. He is a highly experienced geologist with a resource industry career spanning more than 30 years in international exploration, mine, geological, project evaluation and corporate operations. Mr Kay was previously group executive and managing director of exploration at Normandy Mining Limited where he was responsible for managing its global exploration program.

The Board (excluding Mr Kay) recommends that shareholders vote in favour of the re-election of Mr Kay as a director of the Company. The Chairman intends to vote undirected proxies in favour of Resolution 2.

RESOLUTION 3 – REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report section of the Company's 2017 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of shareholders of the Company. Shareholders should note that the vote on Resolution 3 is not binding on the Company or its directors. However, the directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Voting exclusion

Under the Corporations Act, members of Key Management Personnel and their Closely Related Parties will be excluded from voting on Resolution 3.

In accordance with Section 250R of the Corporations Act, the Chairman will not vote any undirected proxies in relation to Resolution 3 unless the appointment of the Chairman as proxy specifically authorises the Chairman to exercise the proxy even though it is connected directly or indirectly with the remuneration of members of Key Management Personnel (which includes the Chairman). This authorisation is included in the enclosed proxy form. Alternatively, if you appoint the Chairman as your proxy you can direct the Chairman to vote for or against or abstain from voting on this resolution by marking the appropriate box on the proxy form.

Alternatively, shareholders can nominate as their proxy for the purposes of Resolution 3 a proxy who is not a member of the Company's Key Management Personnel or a Closely Related Party. That person would be permitted to vote undirected proxies.

The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 3.

RESOLUTION 4 – RATIFICATION OF SHARE ISSUE

On 16 March 2017, Catalyst made a private placement of 3,000,000 Shares at a subscription price of 50 cents each to ASX-listed gold producer, St Barbara Limited. Funds raised from the placement amounted to \$1,500,000 and will be used to fund ongoing exploration programmes and as additional working capital for the Company. The placement was made by way of an excluded offer of ordinary shares under Section 708 of the Corporations Act, meaning that the offer did not require disclosure under Part 6D.2 of the Corporations Act.

The Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1A which was approved by shareholders at the annual general meeting held on 16 November 2016.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted Equity Securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an Eligible Entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

Resolution 4 seeks the ratification by shareholders of the issue of the 3,000,000 Shares to St Barbara Limited. By ratifying this Share issue, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval. Although, it is noted that the Company's use of the 10% annual placement capacity following this meeting remains conditional on Resolution 7 being passed by the requisite majority.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued was 3,000,000 Shares;
- (b) the issue price of the Shares was 50 cents per Share;
- (c) the Shares were allotted and credited as fully paid and rank equally with the existing Shares on issue;
- (d) the Shares were allotted and issued to St Barbara Limited;
- (e) the funds raised will be used to fund ongoing exploration programmes and as additional working capital for the Company; and
- (f) the Company will disregard any votes cast on this resolution by St Barbara Limited and any of its associates.

The Board recommends that shareholders vote in favour of Resolution 4 as, subject to the passing of Resolution 7, it allows the Company to retain the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 month period. The Chairman intends to vote undirected proxies in favour of Resolution 4.

RESOLUTION 5 – RATIFICATION OF SHARE PLACEMENT

On 5 May 2017, Catalyst lodged a prospectus for a public offer of 3,000,000 Shares at a subscription price of 50 cents per Share (Prospectus). The offer was fully subscribed and closed early on 28 July 2017. An interim allotment of 1,284,167 Shares was made on 16 June 2017 and a final allotment of 1,715,833 Shares was made on closing of the offer on 28 July 2017.

Funds raised from the placement pursuant to the prospectus offer amounted to \$1,500,000 (before costs) and will be used to fund ongoing exploration programmes and as additional working capital for the Company. ASX Listing Rule 7.1 prohibits a listed company from issuing equity securities representing more than 15% of its issued capital in any 12 month period without first obtaining shareholder approval (subject to certain exceptions).

Under ASX Listing Rule 7.4, a company can seek ratification of issues that have been made within the previous 12 month period. The effect of such ratification is that the issue of shares is then deemed to have been made with shareholder approval pursuant to ASX Listing Rule 7.1, thus not counting towards the 15% limit. The approved shares are also included in the base number for calculating the Company's 15% limit, thereby increasing the number of equity securities the Company can issue without first having to obtain shareholder approval under Listing Rule 7.1.

The share placement was made within the Company's available 15% capacity at the time of issue. Resolution 5 seeks the ratification by shareholders of the issue of the 3,000,000 Shares to subscribers under the Prospectus. If the resolution is approved then those Shares will be deemed to have been issued pursuant to shareholder approval and will therefore not be counted in the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued was 3,000,000 Shares;
- (b) the issue price of the Shares was 50 cents per Share;
- (c) the Shares were allotted and credited as fully paid and rank equally with the existing Shares on issue;
- (d) the Shares were allotted and issued to subscribers under the Prospectus;
- (e) the funds raised will be used to fund ongoing exploration programmes and as additional working capital for the Company; and
- (f) the Company will disregard any votes cast on this resolution by any shareholder who participated in the share placement and any of their associates.

The Board recommends that shareholders vote in favour of Resolution 5 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 month period. The Chairman intends to vote undirected proxies in favour of Resolution 5.

RESOLUTION 6 – APPROVAL OF PERFORMANCE RIGHTS PLAN

General

A Performance Rights Plan (PR Plan) was established by the Company in September 2011 to provide ongoing incentives to selected employees, Directors and consultants of the Company or any of its subsidiaries (Eligible Participants).

ASX Listing Rule 7.1 prohibits a listed company from issuing equity securities representing more than 15% of its issued capital in any 12 month period without obtaining shareholder approval (subject to certain exceptions).

ASX Listing Rule 7.2 (Exception 9(b)) provides that ASX Listing Rule 7.1 will not apply to issues under an employee incentive scheme for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. Resolution 6 seeks shareholder approval for the purposes of Exception 9(b) of ASX Listing Rule 7.2 to any issue of securities under the PR Plan made within the period of 3 years from the date of passing of the resolution, as an exception to ASX Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to issue equity securities under the PR Plan over a period of 3 years, without affecting the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 month period.

It should be noted that Directors of the Company will not be eligible to participate in the PR Plan without first obtaining specific shareholder approval.

The objective of the PR Plan is to attract, motivate and retain Eligible Participants by providing performance related incentives and rewards. It will also enable Eligible Participants, upon becoming shareholders, to participate in the future growth and development of the Company. The Directors consider this to be a cost effective and efficient means of providing targeted incentives and rewarding Eligible Participants and expects it to result in future benefits to both the Company and Eligible Participants.

A total of 1,000,000 Performance Rights have previously been issued under the PR Plan. The Company has previously established an Employee Share Option Plan which will operate in conjunction with the proposed PR Plan.

A summary of the terms and conditions of the PR Plan are set out below. A copy of the full terms and conditions of the PR Plan may be obtained by contacting the Company.

Summary of the Performance Rights Plan

The material terms of the PR Plan are summarised as follows:

- (a) **Offer of Rights:** The Board is responsible for administering and managing the PR Plan. When an Eligible Participant satisfies specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer (Offer) of Performance Rights to an Eligible Participant. The Offer will specify the number of Performance Rights offered (as determined by the Board) and the conditions that must be met by the Eligible Participant before the Performance Rights will vest.
- (b) **Performance Rights:** Performance Rights will not be quoted on ASX. Each Performance Right will, upon vesting, entitle the holder to one (1) ordinary fully paid share in the capital of the Company.
- (c) **Vesting Conditions:** The Performance Rights will not vest unless the vesting conditions imposed by the Board have been satisfied. These will typically be linked to the achievement of key performance indicators or other conditions relevant to the position of the Eligible Participant.
- (d) **No Consideration:** An Eligible Participant will not be required to make any payment in return for a grant of Performance Rights nor for the issue of shares upon the vesting of Performance Rights.
- (e) **Lapse of Performance Rights:** Performance Rights that have not vested will lapse on a maximum of the seventh anniversary of the date of grant of the Performance Rights or on the first to occur of certain specified events, including:
 - (i) the performance conditions attaching to the Performance Right not being satisfied within the nominated prescribed period.
 - (ii) a purported transfer of the Performance Rights (other than a permitted transfer).
 - (iii) a determination by the Board, acting reasonably, that the Eligible Participant has acted fraudulently, dishonestly or is in breach of their obligations to the Company.
 - (iv) the Eligible Participant ceasing to be an Eligible Participant, other than by reason of retirement, permanent disability, retrenchment or death.
 - (v) a resolution being passed to wind up the Company.
 - (vi) any other circumstances specified by the Board in the Offer.

If an Eligible Participant ceases to be an Eligible Participant by reason of retirement, permanent disability, retrenchment or death, the Board may determine that some or all of an Eligible Participant's Performance Rights will vest even if a performance condition has not been satisfied. If no such determination is made by the Board within 3 months after the person ceases to be an Eligible Participant, all Performance Rights held by that Eligible Participant will automatically lapse.

- (f) **Shares Allotted Upon Vesting of Performance Rights:** The Company will issue shares to the Eligible Participant as soon as practicable after the vesting of Performance Rights. The shares allotted under the PR Plan will be of the same class and will rank equally with all other issued shares in the Company at the date of issue. The Company will apply for quotation of the new shares on ASX within the time required by ASX Listing Rules.
- (g) **Transfer of Performance Rights:** Performance Rights are not transferable except to a legal personal representative of the holder, following the holder's death.
- (h) **Reorganisation of Capital:** If the Company reorganises its capital, Performance Rights on issue will be reorganised in accordance with the ASX Listing Rules, such that the holder of a Performance Right does not receive a benefit that holders of ordinary shares do not receive.

- (i) **No Other Rights:** A Performance Right gives the holder no rights other than as expressly provided in the PR Plan and those provided at law where such rights cannot be excluded. Holders of Performance Rights will not be entitled as a result of holding Performance Rights to vote at meetings of shareholders, receive dividends, participate in surplus profits or assets of the Company upon a winding up, or participate in new issues of securities offered to shareholders

Directors' recommendation

The Directors may participate in the PR Plan (subject to specific shareholder approval) and are therefore excluded under the ASX Listing Rules from voting on Resolution 6 (other than as proxy for shareholders that are entitled vote). Accordingly, the Directors make no recommendation to shareholders in respect of voting on Resolution 6. The Chairman intends to vote all available undirected proxies in favour of Resolution 6.

RESOLUTION 7 – APPROVAL FOR 10% PLACEMENT CAPACITY

ASX Listing Rule 7.1A provides that an “eligible entity” may seek shareholder approval by special resolution at its annual general meeting to allow it to issue Equity Securities up to maximum of 10% of its issued capital (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

If shareholders approve Resolution 7, the number of equity securities that the Company can issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 7 will be to allow the Company to issue equity securities of a maximum of 10% of the Company's ordinary fully paid securities on issue under the 10% Placement Capacity, during the period of up to 12 months from the date of the annual general meeting, without the requirement to obtain subsequent shareholder approval and without using the Company's 15% annual placement capacity available pursuant to ASX Listing Rule 7.1.

Resolution 7 is to be considered as a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting must be in favour of Resolution 7 for it to be passed.

ASX Listing Rule 7.1A

For the purposes of ASX Listing Rule 7.1A, an eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

As at the date of this notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$51.3 million.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of quoted Equity Securities on issue, being ordinary shares (ASX trading code: CYL) and Options over ordinary shares exercisable at 50 cents each on or before 30 June 2018 (ASX trading code: CYLO).

The exact number of Equity Securities that the Company may issue under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (iii) plus the number of shares issued in the previous 12 months with the approval of holders of shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of ordinary fully paid shares under the company's 15% placement capacity without shareholder approval; and
- (iv) less the number of shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 7:

(a) Minimum price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 ASX trading days of the above date, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Capacity as consideration for the acquisition of a new asset, resource or investment, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

(b) Date of issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the meeting and expiring on the first to occur of the following:

- 12 months after the date of the meeting; and
- the date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(the "10% Placement Capacity Period").

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of equity securities on issue as at the date of this notice of meeting.

The table shows the voting dilution impact for securities issued under the 10% Placement Capacity where the number of Shares on issue (Variable A in the formula) increases by 50% and 100% and the economic dilution where there are changes in the issue price of Shares (based on a 50% decrease to current market price of Shares and 100% increase).

Number of Shares on issue (Variable A in ASX Listing Rule 7.1A2)	Issue price per share	Dilution		
		\$0.42 50% decrease in issue price	\$0.84 Issue price	\$1.68 100% increase in issue price
61,129,785 (Current Variable A)	Shares issued (10% voting dilution)	6,112,978	6,112,978	6,112,978
	Funds raised	\$2,567,450	\$5,134,901	\$10,269,803
91,694,677 (50% increase in Variable A)	Shares issued (10% voting dilution)	9,169,467	9,169,467	9,169,467
	Funds raised	\$3,851,176	\$7,702,352	\$15,404,704
122,259,570 (100% increase in Variable A)	Shares issued (10% voting dilution)	12,225,957	12,225,957	12,225,957
	Funds raised	\$5,134,901	\$10,269,803	\$20,539,607

The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require shareholder approval (such as under a pro-rata rights issue or Shares issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above is based on the following assumptions:

1. There are currently 61,129,785 Shares on issue.
2. The issue price set out above is the closing price of Shares on the ASX on 3 October 2017.
3. The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of equity securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the equity securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity, based on that shareholder's holding at the date of the annual general meeting. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the meeting;
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue; and
- the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

(d) Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- as cash consideration in which case the Company intends to use funds raised for acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current projects and any additional projects acquired (funds used for drilling, feasibility studies and ongoing project administration) and general working capital; or
- as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) Previous approval under ASX Listing Rule 7.1A

The Company obtained approval under ASX Listing Rule 7.1A at the 2016 annual general meeting held on 16 November 2016. The Company has issued 3,000,000 Shares pursuant to this previous approval.

In the 12 months preceding the date of the meeting, the Company issued a total number of 6,000,000 Equity Securities, representing 10.2% of the total diluted number of Equity Securities on issue at the commencement of that 12 month period, which was 58,802,188. The details of all issues of Equity Securities in the 12 months preceding the date of the meeting are set out in Annexure A to this explanatory memorandum.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- the information required by ASX Listing Rule 3.10.5A for release to the market.

Voting exclusion

A voting exclusion statement is included in the notice of meeting. As at the date of this notice, the Company has not invited any existing shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on Resolution 7.

The Board recommends that shareholders vote in favour of Resolution 7 as it allows the Company to retain the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 month period. The Chairman intends to vote undirected proxies in favour of Resolution 7.

GLOSSARY OF TERMS

“**ASX**” means ASX Limited;

“**ASX Listing Rules**” means the official listing rules of ASX;

“**Board**” means the board of directors of the Company;

“**Closely Related Party**” is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of KMP.

“**Company**” or “**Catalyst**” means Catalyst Metals Limited (ABN 54 118 912 495);

“**Constitution**” means the constitution of the Company;

“**Corporations Act**” means the Corporations Act 2001 (Commonwealth);

“**Corporations Regulations**” means the Corporations Regulations 2001 (Commonwealth);

“**Equity Securities**” includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security

“**Key Management Personnel**” or “**KMP**” means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise) of the Company.

“**Option**” means an option to subscribe for a Share.

“**Share**” means an ordinary fully paid share in the capital of the Company.

ANNEXURE A – SUPPLEMENTARY INFORMATION FOR RESOLUTION 7

The table below sets out the details of all issues of Equity Securities by the Company in the 12 months preceding the annual general meeting, as required by Listing Rule 7.3A.6(b).

Date	Number	Class	Recipients	Issue price and discount to market price ² (if any)	Form of consideration
16.03.17	3,000,000	Shares ¹	St Barbara Limited	50 cents per share (16% premium to market price)	Cash consideration of \$1,500,000 to fund ongoing exploration programmes and as additional working capital for the Company.
16.06.17 and 28.07.17	1,284,167 and 1,715,833	Shares ¹	Applicants pursuant to prospectus dated 5 May 2017	50 cents per share (1% discount for 16.06.17 and 3% discount for 28.07.17)	Cash consideration of \$1,500,000 to fund ongoing exploration programmes and as additional working capital for the Company.

Notes

¹ Ordinary fully paid shares (ASX: CYL).

² Market price means the closing price on ASX at the date of issue of the Equity Securities.

CATALYST METALS LIMITED

ABN 54 118 912 495

PROXY FORM

Company Secretary
Catalyst Metals Limited
10 Gloucester Street
Swanbourne Western Australia 6010

FACSIMILE: (08) 9284 5426

Shareholder details

Name: _____

Number of shares held: _____

Appointment of Proxy

I/We being a shareholder of Catalyst Metals Limited holding the number of shares set out above, hereby appoint:

The Chairman of the meeting (mark with an "X")

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the meeting.

or failing the person named (or if no person is named), the Chairman of the meeting, as my/our proxy to attend and vote in accordance with the following directions (or, if no directions have been given, as the proxy sees fit), on my/our behalf at the annual general meeting of Catalyst Metals Limited Limited to be held on 15 November 2017 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If you nominate the Chairman as your proxy and do not specify the way Chairman is to vote on Resolutions 3 and 6, you expressly authorise the Chairman to exercise your proxy even though Resolutions 3 and 6 are connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company, which includes the Chairman. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolutions.

Voting directions to your proxy – please mark to indicate your directions

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Stephen Boston as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Bruce Kay as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of performance rights plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf.

Dated this _____ day of _____ 2017

Individual or Shareholder 1

Sole Director and Sole Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

VOTING BY PROXY

1. A member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a member) to attend and vote on his/her behalf.
2. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. However, where both proxies attend the meeting, voting may only be exercised on a poll. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. The proxy form must be received at 10 Gloucester Street, Swanbourne Western Australia 6010, or by facsimile on (08) 9284 5426 and in both cases, not less than 48 hours before the time of the holding of the meeting.
4. In the case of joint holders of a share in the Company the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney, duly authorised in writing or, if the appointor is a corporation, under seal. A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney.
6. A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

7. If no voting instructions are marked on the proxy form then the proxy may vote as he/she thinks fit or may abstain from voting, unless the proxy form or notice of meeting specifies otherwise.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on a poll and the shares the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned and the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the meeting which do not contain a direction how to vote will be used to support each of the resolutions proposed in the notice of meeting, if permitted by law.